



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

0002

January 27, 2010

Julie Cager  
Wells Fargo Bank  
225 West Main  
Delta, Utah 84624

Subject: Authorization to Place Money from Rocanville Corporation Certificate of Deposit into an Account held by Stone Resources LLC, Rocanville Stone, Tejon Quarry, M/027/0087, Millard County, Utah

Dear Mr. Wilson:

Wells Fargo Bank is currently holding two certificates of deposit as reclamation sureties for Rocanville Stone's Tejon Quarry, permit number M/027/0087. Rocanville Stone is transferring this permit to Stone Resources, LLC.

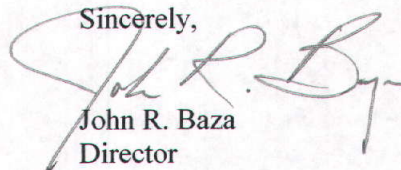
Because of the transfer, money from the certificates of deposit, numbers \_\_\_\_\_ in the amount of \$8,205.00 and \_\_\_\_\_ in the amount of \$23,595.00, needs to be transferred to an account held by Stone Resources, LLC.

This letter authorizes release of the certificates of deposit with the condition that they be immediately placed into a certificate of deposit to be owned by Stone Resources, LLC. The conditions that apply to the certificate of deposit owned by Rocanville Stone will apply to the new certificate of deposit for Stone Resources, LLC.

Please complete, sign and return the CD agreement letter to the Division. Once the Division receives the CD agreement letter, I will sign it and forward a copy to you for your records.

If you have any questions about this letter please call Penny Berry, Bonding Coordinator, at 801-538-5291, or Paul Baker, minerals program manager, at 801-538-5261.

Sincerely,



John R. Baza  
Director

Enclosure: CD Letter Agreement

cc: [opie\\_abeysa@blm.gov](mailto:opie_abeysa@blm.gov)

Rachelle Crum - Wells Fargo Bank [rachelle.j.crum@wellsfargo.com](mailto:rachelle.j.crum@wellsfargo.com)

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**Division of Oil, Gas & Mining**

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January 28, 2010

Wells Fargo Bank (Bank Name)  
225 West Main (Address)  
Delta, Utah 84624

Attention: \_\_\_\_\_ (Bank Acct. Rep., Branch Manager, etc.)  
435-864-3996 (phone)

Subject: Reclamation Surety, Certificate of Deposit for Stone Resources, LLC's, (Company Name)  
Tejon Mine Mine Site, M/027/0087 (OGM mine file #),  
Millard County, Utah, BLM Serial Number \_\_\_\_\_

Certificate of Deposit no. \_\_\_\_\_; Principal Amount \$ \_\_\_\_\_.

This letter describes the mutually agreed upon instructions of the below signed parties to  
Wells Fargo Bank Bank ("Bank"), regarding the control, redemption, and release  
of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the  
availability of reclamation funds for the Tejon mine site  
("Mine Site"), Millard County, Utah. It is the intention of the parties that the  
CD be utilized as surety to guarantee that \$ \_\_\_\_\_ in reclamation funds will be available to the  
State of Utah, Division of Oil, Gas & Mining ("Division") and the Bureau of Land  
Management (agency, i.e. BLM, USFS, etc.) upon demand in the event that the operator(s) of  
the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with  
applicable state law and regulations.

**Ownership and Renewal:**

Ownership of the CD is retained by Stone Resources, LLC, a Utah <type of



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company> but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and Bureau of Land Management (agency) and is subject to the terms and conditions described in this agreement. Bank hereby acknowledges the pledge of the aforesaid CD to the Division and the BLM and agrees to record the information in the bank's written and electronic records of book entry. Further, the bank acknowledges and agrees that it shall hold the moneys represented by the CD's as a custodian and agent for the Division and shall be liable to the Division for any and all losses to the principal amount of the aforesaid CD caused in any manner whatsoever during the terms of this agreement. The Division acts as agent for the Bureau of Land Management. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division. The Division may request CD information on an occasional basis. This letter grants approval by Stone Resources, LLC (name of operator) for the bank to provide CD information to the Division any time an inquiry is made via telephone, email, or letter.

**Redemption:**

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of Director of the Utah Division of Oil, Gas & Mining. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

**Release:**

The Bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest. In



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the event of Bank cancellation/termination of the Certificate of Deposit, the Division may request a transfer or release of the certificate of deposit monies into a state managed cash account to assure or complete reclamation if the Operator does not replace the Certificate of Deposit within the ninety days of Bank cancellation/termination notice. If the Bank is under a forced cancellation/termination, the Bank agrees to transfer or release the CD funds to a state managed cash account at the Division's request.

**Accrued Interest:**

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$ \_\_\_\_\_. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.

**Bank will not be held liable for any dispute between the parties.**

Agreed Upon By:

\_\_\_\_\_  
John R. Baza, Director  
Utah Division of Oil, Gas & Mining

Date: \_\_\_\_\_

\_\_\_\_\_  
W. David Weston, Manager  
Stone Resources, LLC  
Tax ID Number: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Type the Name and Title of Bank Authorized Officer here  
Type the Name of Bank here

Date: \_\_\_\_\_